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FROM THE U.S. MISSION TO THE UN AGENCIES IN ROME

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E.O. 12958: N/A

TAGS: [AORC](#) [ABUD](#) [UNIDROIT](#)

SUBJECT: MEETING OF UNIDROIT SUB-FINANCE COMMITTEE

REF: STATE 65357

1. Summary: the sub-Finance Committee of the International Institute for the Unification of Private Law (UNIDROIT) met on April 11 to consider the first estimates for the organization's 2006 budget. Although a majority of participants favorably viewed the draft budget proposal of 2.03 million (a 2.4 percent increase over 2005, but with only a 1.25 percent increase in member states contributions), there was no clear consensus and several countries, including the U.S., did not join the majority. Further discussion will take place at the meeting of the full Finance Committee, scheduled for October. End Summary.

2. U.S. Mission rep attended the April 11 meeting. Per ref guidance, rep made the following points: while we value the organization's work, our policy for international organizations remains zero nominal growth. While we can abide a small increase as a one-time exception to ZNG policy in recognition of the organization's high priority work, we cannot join consensus on any increase over the current inflation rate for Italy (2.1 percent) and must continue to urge the organization to exercise maximum budget discipline. Rep also made inquiries regarding staff salary increases as well as the 5,000-euro line item covering investments in IT infrastructure.

3. Regarding staff salaries, UNIDROIT policy mirrors the increases given by the OECD and also includes the legally required Italian inflation increase. However, the OECD increase is effectively halved per the organization's practice of delaying its effective date to July 1 of each year. Regarding the investment in IT infrastructure, the SYG reported that the total needed to bring the organization's hardware and software up to 'minimal' standards is between 15,000 and 20,000 euro, spread out over the next three to four years. The 5,000 euro figure for 2006 is the first tranche of that three to four year investment.

4. It was clear from the secretariat's explanation that a budget increase of 2.42 percent would preclude the organization from carrying out many of the recommendations included in its strategic plan. It will also require UNIDROIT to fill the Deputy Secretary General position from within. Debate ensued regarding the future direction of the organization and whether the program of work should dictate the budget or whether it should function the other way around. Noted was the clear disconnect between committee members who represent their governments in calling for budget discipline and Governing Council members who participate in their own capacity and approve the program of work. The secretariat was requested to make this point to the GC

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during its meetings this week.

5. Germany, Canada and the UK (in absentia) joined the U.S. in seeking additional clarity regarding the budget proposal and in disassociating from consensus on the 2006 draft. Other participants included Italy, Russia, Japan, Switzerland, France and Spain.

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